



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

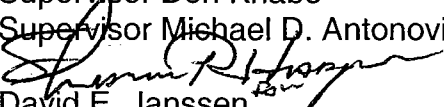
YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 1, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Select Committee on the Los Angeles Health Care Crisis Created

Assembly Speaker Fabian Nuñez has created an Assembly Select Committee on the Los Angeles Health Care Crisis, and named Assembly Member Mark Ridley-Thomas as chair. According to the attached press release by Assembly Member Ridley-Thomas, the Committee will focus on the origin and causes of the Los Angeles County health system crisis, the impact of the County health care system's financial crisis on taxpayers, the impact on the County's emergency response and trauma delivery network, and legislative options.

Other members of the Committee include Karen Bass (D-Culver City), Wilma Chan (D-Alameda), Hector De La Torre (D-South Gate), Mervyn Dymally (D-Compton), Dario Frommer (D-Glendale), Jackie Goldberg (D-Los Angeles), Mike Gordon (D-Torrance/El Segundo), Paul Koretz (D-West Hollywood), Cindy Montañez (D-San Fernando Valley), Keith Richman (R-Northridge), and Sharon Runner (R-Lancaster). The committee will convene its first hearing next month.

Health Authority Legislation

AB 201 (Dymally), as introduced on January 31, 2005, would authorize Los Angeles County to establish, by ordinance, a health authority to provide or contract for the provision of health care benefits to eligible persons. Unlike AB 166 (Ridley-Thomas), which also would authorize the County to establish a health authority, AB 201 would

permit the Board of Supervisors to appoint five members of the health authority board, instead of the entire board. The remaining eight members would be appointed by the Governor, Speaker of the Assembly, Senate Rules Committee, and the health authority itself.

Among the provisions of AB 201: the health authority would be responsible for oversight of local hospital services, ambulance medical services, public health services and emergency medical services; it would be responsible for establishment of standards of care consistent with prevailing community health care standards; and it would be initially bound by existing contracts between the County and labor organizations, although subsequent contracts would be solely negotiated by the authority. AB 201 would also require the authority to implement a personnel transition plan for employees. Like AB 166, AB 201 does not relieve the County of its indigent care obligation under Section 17000 of the State Welfare and Institutions Code.

My office will be preparing an analysis of AB 201 and will report back to you on this bill, along with other issues, as part of the Board's instruction of January 11, 2005 to study aspects of governance of the Department of Health Services. The text of AB 201 is attached. The bill has not yet been referred to a committee, and there is no registered support or opposition.

We will continue to keep you advised.

DEJ:GK
MAL:JF:ib

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants

N E W S R E L E A S E

MARK RIDLEY-THOMAS48TH ASSEMBLY DISTRICT*Representing the communities of:*

Arlington Park • Athens • Athens-Westmont • Canterbury Knolls • Chesterfield Square • Country Club Park • Exposition Park • Filipinotown • Hyde Park • Jefferson Park • King Estates • Koreatown • Lafayette Park • Leimert Park • Magnolia Square • Morningside • Manchester Square • North University Park • St. Andrew's Square • University Expo Park West • University Park • Vermont Knolls • Vermont Square • Vermont Vista • West Adams • West Park Terrance • Wilshire Center

FOR IMMEDIATE RELEASE

January 28, 2005

CONTACT: Jeff Logan
(213) 745-6656

**RIDLEY-THOMAS TO CHAIR COMMITTEE ON
LOS ANGELES COUNTY HEALTH CARE CRISIS**

Committee to Investigate the Potential Insolvency of the County's Health Care System

LOS ANGELES – In response to several disturbing announcements regarding the operation and viability of both private and public hospitals and other recent problems that have plagued the County's health care delivery system, **Assembly Speaker Fabian Núñez (D- Los Angeles)** today appointed **Assemblyman Mark Ridley-Thomas (D-Los Angeles)** to chair the newly created Assembly Select Committee on the Los Angeles County Health Care Crisis.

In its analysis of the 2004-05 State Budget, the Legislative Analyst's Office warned that the State may be called upon to provide substantial financial assistance to the Los Angeles County health system because of deficits that are projected to reach \$655 million in the next few years. To avert that crisis and promote the solvency of the County's health delivery system, the committee will discuss policy options that could result in further state oversight as well as legislation to improve the health care delivery system, and the continuing challenge related to managed care and its impact on health care costs in Los Angeles County.

"In establishing a Select Committee to examine the health care crisis that confronts the Los Angeles region, the Speaker recognizes the magnitude of the problem before us," said Ridley-Thomas. "This is a daunting assignment. We have all witnessed the closure of emergency rooms, trauma centers and hospitals, unfortunately. The magnitude of this crisis in patient care can be found in both the public and private sectors. The region's current health care delivery system is severely taxed and unless addressed, the public, regardless of who they are, rich or poor, stands to suffer tremendously. I look forward to working with my colleagues, health professionals and community stakeholders to address these issues."

The Select Committee on the Los Angeles County Health Care Crisis will focus on the origin and causes of the financial and management problems facing the Los Angeles and surrounding counties' health care delivery system. Moreover, all key stakeholders will be asked to participate in a series of hearings to help policy makers identify issues and proposals for resolving the problems. The committee will convene its first hearing next month. A few of the topics the committee will tackle are:

1. The origin and causes of the Los Angeles County health system crisis (including, but not limited to, an evaluation of the impact uninsured patients have on the system);
2. The impact of the Los Angeles County health care system's financial crisis on taxpayers;
3. The impact on the County's emergency response and trauma delivery network; and
4. Legislative options (including past and present ballot initiatives, to lessen the severity of the current health care crisis.)

- more -

Listed below are the names of the Assemblymembers Speaker Núñez has appointed to serve on the Select Committee on the Los Angeles County Health Care Crisis:

Mark Ridley-Thomas (Los Angeles), Chair
Karen Bass (Culver City)
Wilma Chan (Alameda)
Hector de la Torre (Southgate)
Mervyn Dymally (Compton)
Dario Frommer (Glendale)
Jackie Goldberg (Los Angeles)
Mike Gordon (Torrance/El Segundo)
Paul Koretz (West Hollywood)
Cindy Montañez (San Fernando Valley)
Keith Richman (Northridge)
Sharon Runner (Lancaster)

###

BILL NUMBER: AB 201 INTRODUCED
BILL TEXT

Attachment

INTRODUCED BY Assembly Member Dymally

JANUARY 31, 2005

An act to add Section 14087.34 to the Welfare and Institutions Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 201, as introduced, Dymally. Los Angeles County Health Authority.

Existing law requires the County of Los Angeles to provide medical care to persons who are eligible to receive health care under state or federal law.

This bill would authorize the Board of Supervisors of the County of Los Angeles to establish a health authority to provide or contract for the provision of health care benefits to eligible persons.

This bill would make the authority responsible for oversight of local hospital services, ambulance medical services, public health services, and emergency medical services, and, pursuant to a resolution or ordinance of the board of supervisors, permit responsibility for oversight of school clinics, mental health services, and correctional health facilities, to the extent the county would provide those services.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14087.34 is added to the Welfare and Institutions Code, to read:

14087.34. (a) Because of the unique circumstances that exist in the County of Los Angeles, it is necessary that the Board of Supervisors of the County of Los Angeles be given authority to establish a health authority separate and apart from the County of Los Angeles as a means for the delivery of medical care and services to the Medi-Cal population and to other populations receiving health care services from the County of Los Angeles. Thus, the adoption of a special act is required. (b) (1) The Board of Supervisors of the County of Los Angeles may, by ordinance, establish a health authority separate and apart from the County of Los Angeles, whose governing board is appointed pursuant to this section. The governing board shall consist of 13 members and shall include the following members, who shall be appointed by resolution or ordinance of the board:

(A) Five members who shall be designated by the Los Angeles board of supervisors.

(B) Three members who shall be nominated by the Governor.

(C) One member who shall be nominated by the Speaker of the Assembly.

(D) One member who shall be nominated by the Senate Committee on Rules.

(E) One member who shall be nominated by the Governor from the

University of California.

(F) One member who shall be nominated by the Governor from the University of Southern California.

(G) One member who shall be nominated by the Governor from the Charles R. Drew University of Medicine and Science.

(H) One member who shall be appointed by the Health Authority from the Los Angeles County community.

(2) The health authority shall be responsible for oversight of local hospital services, ambulance medical services, public health services, and emergency medical services, and may, by resolution or ordinance of the board, be responsible for oversight of school clinics, mental health services, and correctional health facilities, to the extent the county would provide those services.

(3) The health authority shall be responsible the establishment and maintenance of standards of care within facilities operated by the health authority that are consistent with prevailing community health care standards, and for the maintenance and improvement of health facilities operated by the health authority, including, but not limited to, facilities leased by the authority from the county.

(4) The health authority shall establish a mutually beneficial working relationship with professional schools in the Los Angeles area.

(c) The governing board of the health authority and the appropriate state departments, to the extent permitted by federal law, may negotiate and enter into contracts to provide or arrange for health care services for any or all persons who are eligible to receive benefits under the Medi-Cal program and for other targeted populations. The contracts may be on an exclusive or nonexclusive basis, and shall include payment provisions on any basis negotiated between the state and health authority. Prior to the commencement of operations, the health authority shall be licensed as a health care service plan pursuant to the Knox-Keene Health Care Services Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code).

(d) (1) The board of supervisors may transfer responsibility for administration of county-provided health care services to the health authority for the purpose of service of populations including uninsured and indigent persons subject to the provisions of any ordinances or resolutions passed by the board of supervisors. The transfer of administrative responsibility for those health care services shall not relieve the county of its responsibility for indigent care pursuant to Section 17000. In addition, the services and programs of the health authority may include, but are not limited to, individuals covered under Title XVIII of the Social Security Act, contained in Subchapter XVIII (commencing with Section 1395) of Chapter 7 of Title 42 of the United States Code, and individuals and groups employed by public agencies and private businesses.

(2) In addition to providing health care services to those populations described in paragraph (1) and in subdivision (c), the authority shall be responsible for the provision of appropriate health care services for persons who need specialized services at facilities operated by the authority, including, but not limited to, burn, trauma, and infectious disease care.

(e) As a legal entity separate and apart from the County of Los Angeles, the health authority shall file the statement required by Section 53051 of the Government Code, and shall have the power to acquire, possess, and dispose of real or personal property as may be necessary for the performance of its functions, to sue or be sued, and to employ personnel and contract for services required to meet its obligations.

(f) (1) The health authority shall be deemed to be a legal entity separate and apart from the County of Los Angeles, and shall not be considered to be an agency, division, department, or instrumentality of the County of Los Angeles.

(2) The health authority shall not be governed by, nor be subject to, the Charter of the County of Los Angeles and shall not be subject to county policies or operational rules, including, but not limited to, those relating to personnel and procurement.

(g) The health authority shall be considered a public entity, and employees of the health authority shall be considered public employees, for purposes of Division 3.6 (commencing with Section 810) of Division 3.6 of Title 1 of the Government Code, relating to claims and actions against public entities and public employees. Members of the governing board of the health authority shall not be vicariously liable for injuries caused by the act or omission of the health authority or advisory body to the extent that protection applies to members of governing boards of local public entities generally under Section 820.9 of the Government Code.

(h) Upon the enactment of the ordinance, all rights, powers, duties, privileges, and immunities vested in the County of Los Angeles with respect to the subject matter of this section shall be vested in the health authority. Any obligation of the health authority, statutory, contractual, or otherwise, shall be the obligation solely of the health authority and shall not be the obligation of the County of Los Angeles or the state.

(i) The health authority shall not be a "person" subject to suit under the Cartwright Act, Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code.

(j) The health authority established pursuant to this section may borrow from the county and the county may lend the health authority funds, or issue revenue anticipation notes to obtain those funds necessary to commence operations.

(k) The health authority or the county, or both, may engage in marketing, advertising, and promotion of the medical and health care services made available to the target populations by the health authority.

(l) Provisions for the termination of the health authority's activities with respect to the delivery of services to Medi-Cal populations shall be contained in the appropriate contracts executed by and between the health authority and the appropriate state departments.

(m) If the board of supervisors expands publicly assisted medical and health care delivery by the health authority to other populations, and the board of supervisors subsequently determines that the health authority may no longer function for the purpose of the expanded delivery, at the time as the health authority's existing obligations with respect thereto have been satisfied, the board of supervisors may, by ordinance, terminate the expanded delivery activities of the health authority.

(n) All assets of the health authority that are related to Medi-Cal services shall be disposed of pursuant to the Medi-Cal related contract entered into between the state and the health authority.

(o) All liabilities or obligations of the health authority with respect to its activities pursuant to the state -mandated two-plan managed care model for the delivery of medical care and services to the Medi-Cal population shall be the liabilities or obligations of the health authority, and shall not become the liabilities or obligations of the county upon the termination of the health authority or at any other time. Any liabilities or obligations of the

health authority with respect to the liquidation or disposition of the health authority's assets upon termination of the health authority shall not become the liabilities or obligations of the county, except that the county shall manage any remaining Medi-Cal related assets of the health authority until superseded by a plan approved by the department.

(p) The Legislature finds and declares that Section 14105 provides that the Director of Health Services prescribe the policies for the administration of Medi-Cal managed care contracts. The state-mandated two-plan managed care model distributed by the director sets forth that policy, expressly providing that local stakeholders, including government officials, providers, and community-based organizations, are afforded maximum flexibility and control in designing a delivery system that reflects the needs and priorities of the community that it serves. The mandated model requires that the governing board of the local initiative reflect an effort to include representation of the perspectives of provider and beneficiary groups. To effectuate this policy, all of the following shall apply:

(1) Notwithstanding any provision of law to the contrary, a member of the governing board of the health authority shall be deemed not to be interested in a contract entered into by the health authority within the meaning of Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government Code if all the following apply:

(A) The member was appointed to represent the interests of physicians, health care practitioners, hospitals, pharmacies, or other health care organizations.

(B) The contract authorizes the member or the organization the member represents to provide services to beneficiaries or administrative services under the health authority's programs.

(C) The contract contains substantially the same terms and conditions as contracts entered into with other individuals or organizations that the member was appointed to represent.

(D) The member does not influence or attempt to influence the health authority or another member of the health authority to enter into the contract in which the member is interested.

(E) The member discloses the interest to the health authority and abstains from voting on the contract.

(F) The health authority notes the member's disclosure and abstention in its official records and authorizes the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote of the interested member.

(2) Notwithstanding Article 4.7 (commencing with Section 1125) of Chapter 1 of Division 4 of Title 1 of the Government Code related to incompatible activities, no member of the governing board, no officer, and no member of the alliance staff shall be considered to be engaged in activities inconsistent and incompatible with his or her duties as a governing board member, officer, or staff person solely as a result of employment or affiliation with the county, private hospital, clinic, pharmacy, other provider group, employee organization, or citizen's group.

(q) (1) The health authority may use a computerized management information system in connection with the administration of its health delivery system, including the administration of the state-mandated two-plan Medi-Cal managed care model.

(2) Information maintained in the management information system that pertains to persons who are Medi-Cal applicants or recipients shall be confidential pursuant to Section 14100.2, and shall not be open to examination other than for purposes directly connected with the administration of the Medi-Cal program, including, but not

limited to, those set forth in subdivision (c) of Section 14100.2. This safeguarded information includes, but is not limited to, names and addresses, medical services provided, social and economic conditions or circumstances, health authority evaluation of personal information, and medical data, including diagnosis and past history of disease or disability.

(3) Information maintained in the management information system that pertains to peer review-related activities shall be confidential and subject to the full protections of the law with respect to the confidentiality of activities related to peer review generally.

(r) The records of the health authority, whether paper records, records maintained in the management information system, or records in any other form, that relate to rates of payment, including records relating to rates of payment determination, allocation or distribution methodologies, formulas or calculations, and records of the health authority that relate to contract negotiations with providers of health care for alternative rates, shall not be subject to disclosure pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). The transmission of the records, or the information contained therein in an alternative form, to the board of supervisors shall not constitute a waiver of exemption from disclosure, and the records and information, once transmitted to the board of supervisors, shall be subject to this same exemption.

(s) (1) (A) Notwithstanding the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), the governing board of the health authority may meet in closed session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets.

(B) The requirement that the authority make a public report of actions taken in closed session and the vote or abstention of every member present may be limited to a brief general description of the action taken and the vote so as to prevent the disclosure of a trade secret.

(C) For purposes of this subdivision, "health authority trade secret" means a trade secret, as defined in subdivision (d) of Section 3426.1 of the Civil Code, that also meets both of the following criteria:

(i) The secrecy of the information is necessary for the health authority to initiate a new service, program, marketing strategy, business plan, or technology, or to add a benefit or product.

(ii) Premature disclosure of the trade secret would create a substantial probability of depriving the health authority of a substantial economic benefit or opportunity.

(2) Those records of the health authority that reveal the health authority's trade secrets are exempt from disclosure pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), or any similar local law requiring the disclosure of public records. This exemption shall apply for a period of two years after the service, program, marketing strategy, business plan, technology, benefit, or product that is the subject of the trade secret is formally adopted by the governing body of the health authority, provided that the service, program, marketing strategy, business plan, technology, benefit, or product continues to be a trade secret. The governing board may delete the portion or portions containing trade secrets from any documents that were finally approved in the closed session held pursuant to paragraph (1) that are provided to persons who have made the timely or standing request.

(3) Nothing in this section shall be construed as preventing the

governing board from meeting in closed session as otherwise provided by law.

(t) Open sessions of the health authority shall constitute official proceedings authorized by law within the meaning of Section 47 of the Civil Code, and those privileges set forth in that section with respect to official proceedings shall apply to open sessions of the health authority.

(u) The health authority shall be considered a public agency for purposes of eligibility with respect to grants and other funding and loan guarantee programs. Contributions to the health authority shall be tax deductible to the extent permitted by state and federal law.

(v) Any transfer of functions from county employee classifications to a health authority established pursuant to this section shall result in the recognition by the health authority of the employee organization that represented the classifications performing those functions at the time of the transfer.

(w) (1) The health authority shall implement, and the board of supervisors shall adopt, a personnel transition plan. The personnel transition plan shall require all of the following:

(A) Ongoing communications to employees and recognized employee organizations regarding the impact of the transition on existing health care employees and employee classifications.

(B) Meeting and conferring on all of the following issues:

(i) The timeframe for which the transfer of personnel shall occur. The timeframe shall be subject to modification by the board of supervisors as appropriate, but in no event shall it exceed one year from the effective date of transfer of governance from the board of supervisors to the health authority.

(ii) A specified period of time during which employees of the county impacted by the transfer of governance may elect to be appointed to vacant positions with the Los Angeles County Department of Health Care Services Agency for which they have tenure.

(iii) A specified period of time during which employees of the county impacted by the transfer of governance may elect to be considered for reinstatement into positions with the county for which they are qualified and eligible.

(iv) Compensation for vacation leave and compensatory leave accrued while employed with the county in a manner that grants affected employees the option of either transferring balances or receiving compensation to the degree permitted employees laid off from service with the county.

(v) A transfer of sick leave accrued while employed with the county to health authority employment.

(vi) The recognition by the health authority of service with the county in determining the rate at which vacation accrues.

(vii) The preservation of seniority, pensions, health benefits, and other applicable accrued benefits of employees of the county impacted by the transfer of governance.

(2) Nothing in this subdivision shall be construed as prohibiting the health authority from determining the number of employees, the number of full-time equivalent positions, the job descriptions, and the nature and extent of classified employment positions.

(3) Employees of the health authority are public employees for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code relating to claims and actions against public entities and public employees.

(x) Any health authority created pursuant to this section shall be bound by the terms of the memorandum of understanding executed by and between the county and health care and management employee organizations that is in effect as of the date this legislation

becomes operative in the county. Upon the expiration of the memorandum of understanding, the health authority shall have sole authority to negotiate subsequent memorandums of understanding with appropriate employee organizations. Subsequent memorandums of understanding shall be approved by the health authority.

(y) Contracts by and between the health authority and the state, and contracts by and between the health authority and providers of health care, goods, or services may be let on a nonbid basis, and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

(z) (1) Provisions of the Evidence Code, the Government Code, including the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), the Civil Code, the Business and Professions Code, and other applicable law pertaining to the confidentiality of peer review activities of peer review bodies shall apply to the peer review activities of the health authority. Peer review proceedings shall constitute an official proceeding authorized by law within the meaning of Section 47 of the Civil Code, and those privileges set forth in that section with respect to official proceedings shall apply to peer review proceedings of the health authority. If the health authority is required by law or contractual obligation to submit to the state or federal government peer review information or information relevant to the credentialing of a participating provider, that submission shall not constitute a waiver of confidentiality. The laws pertaining to the confidentiality of peer review activities shall be together construed as extending, to the extent permitted by law, the maximum degree of protection of confidentiality.

(2) Notwithstanding any other provision of law, Section 1461 of the Health and Safety Code shall apply to hearings on the reports of hospital medical audit or quality assurance committees as they relate to network providers or applicants.

(aa) (1) The health authority shall carry general liability insurance to the extent sufficient to cover its activities, and shall establish and maintain a vigorous risk management program.

(2) The board of supervisors shall maintain insurance for errors and omissions coverage for any service responsibilities to be transferred to the health authority until the transfer of those responsibilities is completed.

(3) The health authority shall guarantee the collective bargaining rights of its employees.

(4) The employees of the health authority shall maintain the years of service with the county and maintain their retirement rights and their seniority rights.